MONTHLY REVIEW

of Financial and Business Conditions

FIFTH FEDERAL

RESERVE DISTRICT

Federal Reserve Bank, Richmond, Va. *December 31, 1943*

Business in November 1943

A REVISED index of department store sales for the Fifth District appears in the Review this month, and this index for the month of November shows a seasonally adjusted level of sales 13 per cent above October and 15 per cent ahead of a year ago. The November sales level has been exceeded only during February 1943 when a clothing rationing rumor caused a wave of scare buying. This revised sales index, since February 1943, had moved irregularly around a flat trend which seemed to indicate that the sales level had reached its wartime peak. There were no rationing scares, however, in November and the performance of the index in that month must open the question as to whether the District's sales level is topping out or continuing to expand. Of course, the November sales level may represent early Christmas buying that will find reflection in a reduced level of sales in December.

Wholesale trade in the District still gives every indication of having reached its peak and the same conclusion appears to be drawable for the total amount of expenditures as reflected by bank debits. November coal production was again adversely affected by work stoppages with the average daily output in November 13 per cent below October and 16 per cent under November 1942. Moderate improvement was recorded in the average daily consumption of cotton during the month of November from the previous month, but continued to stand at 5 per cent below last year. Active spindle hours of the District's mills in November, however, were only about 1 per cent below a year ago, but they were 11 per cent below the peak month, which was March of this year.

The District's textile mills will apparently be confronted with a further increase in their cost of production in the near future. The delegates of the United Textile Workers have authorized a strike vote in the mills of North and South Carolina on, as yet, an unnamed date. The workers are seeking a 15 cents an hour increase with additional increases of 5 cents for the second shift and 10 cents for the third shift.

Despite the impending shortage of flue-cured tobacco, the District's cigarette production in November set a new high record. The November daily average index adjusted for seasonal variation increased 7 per cent from October and was 18 per cent above a year ago. The crop indications point to a moderately lower level of Virginia fire cured and sun cured tobacco, but larger crops of burley this year than last year. The early sales in these markets, however, brought prices substantially above those last year, through marketings prior to the Christmas holidays have been small.

Construction in the Fifth District has reached a relatively low level since the Federal Government began tapering off on war projects. Building permits issued in 29 Fifth District cities through November 1943 declined 44 per cent in valuation from figures for the like period in 1942, and construction contracts awarded in the first 11 months of 1943 were 56 per cent below January-November 1942 awards.

BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT
Average Daily 1935-1939=100
Seasonally Adjusted

	November 1943	October 1943	September 1943	November 1942	% Change Nov. 1943 from Oct. 1943	% Change Nov. 1943 from Nov. 1942
Bank Debits	197	197	239	184	0	+7
Bituminous Coal Production	124	142	150	148	−13	−16
Building Contracts Awarded	207	163	134	442	+27	−53
Building Permits Issued	50	64	36	43	−22	+16
Cigarette Production	194	182	174	165	+7	+18
Cotton Consumption*	153	146	154	161	+5	−5
Department Store Inventories	155	165	177	161	−6	−4
Department Store Sales	215	191	193	187	+13	+15
Life Insurance Sales	120	120	138	84	0	+43
Wholesale Trade—5 Lines	174	176	159	154	−1	+13

*Not Seasonally Adjusted.

Soil Conservation in South Carolina*

From the earliest settlements in America to comparatively recent years land was so abundant that farmers found it easier to bring new land to cultivation as old fields were exhausted than to maintain or rebuild the fertility of the old land. American farmers consequently fell into slovenly habits, and did not maintain their farms as they should have done. As a result, much land was allowed to wash away, and the fertility of many fields was exhausted by planting the same crop year after year.

South Carolina falls geographically into three belts. Approximately a third of the state in the Northwest corner lies at the foothills of the Blue Ridge Mountains, and is quite hilly. Another belt, running from McCormack County on the north to Lancaster County, and from Allendale to Dillon County on the south, is composed of gently rolling land, with only a few real hilly areas. The third belt, embracing the Coastal counties, is low, flat, sandy land. Farmers in the upper tier of counties began terracing the land and contour plowing many years ago, but they did not practice crop rotation. Terracing in the other two-thirds of the state was practically unknown until a few years ago.

Not many years ago a group of farmers in Lee and Kershaw Counties began a soil erosion program. One hundred and fifty-eight farmers in these two counties started their program by planting 20 tons of grass seed. Prior to this time many farmers had feared to have grass on their farms, but the experiment in Lee and Kershaw Counties was so successful that the movement spread and, by the end of 1942, 21,000 acres of permanent pasture had been improved by reseeding and fertilizing in South Carolina, 18,965 acres of kudzu had been set out, grass for permanent hay had been planted on 7,070 acres, and grass meadow strips for hay and to serve as terrace outlets had been established on 12,145 acres. Terracing had been done on 154,755 additional acres, and trees had been set out on 21,291 acres. Farmers themselves bought and planted 9,153,961 trees, and set out 15,908,798 trees which were furnished by the Soil Conservation Service. On October 31, 1943, district conservation farm plans had been written for 9,568 farms in South Carolina, covering a total of 1,648,403 acres.

In the erosion control program, there are a number of steps which farmers should take. Terracing prevents the development of ditches across the fields, and the rows developed in contour plowing act as miniature terraces. On fields in which erosion has already begun, ditches should be dammed at frequent intervals, and probably some top cover such as grasses, lespedeza, and kudzu should be planted, partly to stop further erosion and partly to restore fertility by furnishing the land a coating of humus. Kudzu is a vine of rapid growth, and is one of the best perennials to stop erosion. Stubble fields should be left unplowed until it is time to cultivate them again. Land which appears unlikely to develop into fields suitable for crop raising should be developed as forests or as pature or hay land. It is unwise to allow any land on a farm to lie bare of some growing cover.

Soil conservation or restoration goes hand in hand with erosion control, but the methods used in soil development are different. The old custom of planting cotton on the upland and corn on bottom lands year after year must be discontinued. By cooperation with County Agents and agricultural colleges, farmers can find out the effects that various crops have on the soil, and crops on any individual field should be varied frequently enough to restore, by the use of a suitable crop, valuable soil elements which have been exhausted or appreciably reduced by preceding crops. By careful crop rotation, fertility of soil can be kept at a high level, and the use of commercial fertilizers drastically reduced. The value of kudzu and sericea lespedeza for erosion prevention and maintenance of soil fertility was proved last June at the Southern Piedmont Experiment Station at Watkinsville, Georgia. During that month the rainfall totaled 8.59 inches on the 11 per cent slope plots on Cecil clay (red) loam, where the runoff for four year kudzu amounted to only .8 per cent and soil losses none. For fourth year sericea the runoff was 7.9 per cent and soil loss .04 tons per acre. For fourth year volunteer Kobe lespedeza the runoff was 11.6 per cent and soil loss .33 of a ton per acre. It was observed that where cotton had been planted for four years in succession, the runoff was 43.1 per cent and soil loss was 15.32 tons per acre.

In the face of the great success farmers have had with the erosion and soil conservation programs, farmers are being urged to plan their operations under the guidance of those who have studied proper conservation measures. Farmers who have used these practices have found from experience that increased production, with added income, always results. Ernest Carns, South Carolina's Soil Conservationist, gives the following answers to the question, "What practices are generally agreed upon that are applicable at the present time for conservation and which can be applied, with minimum assistance, to the increase of our production goals in 1944?"

1. Seeding lespedeza or crotalaria or small grain of suitable soil type.
2. The establishment of appropriate livestock grazing systems for the farms, which may include the renovation of all pastures, the planting of a sufficient amount of annuals or perennials for temporary grazing.
3. Use every idle acre on the farm for the production of food or feed crops or trees.
4. Plant washed places or other areas of the farm to perennial crops of lespedeza or kudzu, to stop further erosion.
5. Plan for the production, harvesting and care of legumes and other seed for the farm.
6. To partially offset the fertilizer shortage, take special care of all farm manures and construct synthetic compost heaps where materials are available.

*This article was prepared in collaboration with Jack Wooten, Assistant Director of Information, Farm Credit Administration, Third District, South Carolina.

Developments in the Rayon Industry

The rayon industry has emerged from adolescence and bloomed into a husky and vigorous youth, though only a short time ago it was still in swaddling clothes, attempting to grow up under the guise of an alias. By 1927 rayon had relegated silk to fourth position in the domestic consumption of textile fibers, and by 1938 it had usurped the second position from wool, a position it has since held except for the single year 1941. Rayon is still very young in its growth, yet its adaptability to a wide range of uses gives it new horizons as yet only imaginable. Even though rayon has second preference among the textile fibers, it is still a very poor second; King Cotton accounts for over 80 per cent of the total domestic textile usage.

The growing importance of rayon in domestic preference, however, does not sound the death knell of cotton fiber, as it is entirely possible that use of both cotton and rayon can expand simultaneously. No clearer evidence could be found in support of this prospect than the record of past consumption. In 1920, cotton accounted for 90 per cent of the consumption of all textile fibers in the United States, yet in that year the total consumption of cotton was only 2,828 million pounds; whereas in 1942 cotton consumption was but 82 per cent of all fibers though consumption had risen to 5,617 million pounds. Although the two fibers may at times compete for the same market, it is probable that in the main they will become complimentary, each creating markets for the other.

In 1943 rayon production of all kinds in this country will be in the neighborhood of 658 million pounds. It would have been much larger had it been possible to expand production facilities, but even so an output of 658 million pounds will be 4 per cent larger than that of 1942 and 73 per cent larger than that of the last prewar year, 1939.

It is interesting to note that of the indicated gain of 277.7 million pounds between 1939 and 1943, staple fiber accounted for 39 per cent, viscose and cuprammonium filament yarn 38 per cent, and acetate filament yarn 23 per cent. In this same period the percentage increases in output show the trends that are in evidence. Staple fiber production more than tripled, acetate filament yarn rose 65 per cent, while viscose and cuprammonium filament yarns increased 45 per cent. Staple fiber is used in combination with wool and cotton to a much larger extent than filament yarn and the growth of 210 per cent in the short period since 1939 is significant of its possibilities.

War has made important demands on the production of rayon, for such uses as fragmentation and cargo chutes, uniform linings, powder bags, self-sealing gasoline tanks, and as alternate materials for replacement of those not now available or available in inadequate supply. War has also made it desirable to supply the Southern Republics with rayon under the Good Neighbor program, but the rayon industry's outstanding contribution to the war effort will be rayon tire cord. This latter use of rayon has amounted to about 80 million pounds this year, and will reach 144 million pounds in 1944, though new capacity and conversions are scheduled to be in place by July 1 for the production of 235 million pounds. At the present time *Rayon Organon* estimates that the above rated and allocated uses require about one-half of the viscose and cuprammonium yarns produced and one-sixth the acetate output.

The latest information on the tire cord program calls for an approximate annual production capacity of 235,000,000 pounds, which shall be devoted to this product under W.P.B. directive. It appears that about 161 million pounds of this tire cord capacity represents conversions of existing facilities and about 74 million pounds represents new capacity. Of the new capacity of 74 million pounds, 23 million pounds were brought into production by the installation of new machinery in existing plants and 51 million pounds by new construction that will be installed by June 30, 1944. The tire cord program is all in viscose filament yarn, and it does not seem likely that more than 100 million pounds of capacity is at present exerted toward the production of tire cord yarns. Thus, between now and June 30 the civilian uses of rayon would be reduced by the amount of production diverted from the facilities capable of turning out 84 million pounds yearly. With the mentioned proportions of rayon production being used in the war effort, and the further conversions under way, it appears that in 1944 there will still be left for civilian consumption an amount about equal to that in the years 1936 or 1937.

The rubber tire industry spokesmen believe that the rayon tire cord will be used in peacetime mainly in the heavy duty tires, and that the cotton cord will continue to be used for the general run of tires. The rayon industry expects to retain in peacetime a good share of the new markets that have developed in wartime, but expects to lose much of the hosiery market that it now has. Expansion of the demand for rayon is expected after the war in those products already established, and, in addition, many new uses are expected to be developed in which rayon will be used in combination with other fibers.

Some of the materials used in rayon manufacture are becoming critically short, and labor is not sufficiently abundant to give optimum plant efficiency. In the acetate division, acetic anhydrite is 50 million pounds short of total requirements this year and is estimated to be 86 million pounds short for 1944. Allotments of this material and of acetic acid were lowered in September to 80 per cent of requests, but raised to 90 per cent in October. Requests for cellulose acetate used in the manufacture of rayon were met in full during October, as were the requests for chemical cotton pulp used in the manufacture of viscose high tenacity and cellulose acetate yarns and staple fiber. The tension in the supply of bleached sulphite wood pulp has been accentuated recently by forced closings of three pulp mills occasioned by a lack of logs. Pulp to be used for manufacture of rayon war materials will undoubtedly be forthcoming in the required amounts, but for use in other products it is still to be determined whether the paper industry will have to compensate for the pulp dearth or whether this dearth will be shared proportionately between the paper and rayon industries. It should not be expected that conditions which are affecting

the pulp supply will permit a sufficient output to cover all requirements, but the WPB may find it desirable in view of a short supply of cotton goods to allocate full requirements to the rayon industry based on its degree of essentiality. With all factors taken together, it would appear that operations at rayon plants will be continued as near to practical capacity as the supply of labor and materials will permit.

The rayon industry is big business despite the fact that its total products were valued at only $247 million in 1939. It requires a large amount of capital to construct and equip a rayon plant, and its operation requires highly skilled personnel. Nearly 90 per cent of the value of the industry's products is made in seventeen plants, the individual annual output of which is in excess of $5 million; the remaining twelve plants contribute 10 per cent of the value of products. In 1939 there were no plants which employed fewer than 250 workers, while those employing more than 1,000 accounted for 85 per cent of all the wage earners in the industry.

There are only seventeen companies engaged in the industry and these operate twenty-nine plants. No very accurate figures exist as to the capacity of these twenty-nine plants, but since the War Production Board felt it essential to expand capacity to effect the production of tire cord, and since there has been little impediment until recently in the securing of the materials of production and labor, it may be assumed that production in 1943 was near practical capacity. By stretching here and there, an output of 700 million pounds of rayon might be considered as the industry's capacity.

In addition to these approximate production capacity figures, known expansions to be installed and in operation by July 1, 1944, amount to 74 million pounds, and WPB directives have been issued to companies whose figures are not included in the total for additional expansions of capacity. The amounts of these latter expansions are not known, nor is it ascertainable whether these extensions are to be made in the plants located in this District, or elsewhere.

Assuming a production capacity for the industry of 700 million pounds, it is estimated that 365 million pounds or 52 per cent of this capacity is in ten plants of the Fifth Federal Reserve District, located as follows:

LOCATION OF RAYON PLANTS IN THE FIFTH FEDERAL RESERVE DISTRICT

Cumberland, Md.
Covington, Va.
Front Royal, Va.
Pearisburg, Va.
Richmond, Va.
Roanoke, Va.
Waynesboro, Va.
Nitro, W. Va.
Parkersburg, W. Va.
Enka, N. C.

These ten rayon plants give employment to something like 30,000 people, and distribute an annual payroll of around $68,000,000, but they do something more than this. All of the plants in the District, with the exception of one at Richmond, are located in or near small cities, mostly in the mountainous areas. These plants have become virtually the lifeblood of their communities, and in turn the stability of the labor force of these communities has been an asset to the companies, the value of which is incalculable but finds its reflection in the income accounts.

That the plan of locating rayon plants in the smaller Appalachian communities has proven successful is attested by the fact that the principal expansions in the industry in the past decade have been there. This District, furthermore, is in a preferred position to secure a large share of the future growth of the rayon industry because a large part of the consumption of its products are in the weaving and knitting mills which are not far removed; because there are abundant locations filling all the needs of a plant site; and because public officials view an industrial plant as a creator of employment rather than tax revenues.

BUSINESS INDEXES -- FIFTH FEDERAL RESERVE DISTRICT

(1935-39=100)

	ADJUSTED						NOT ADJUSTED					
	Oct. 1943	Sept. 1943	Aug. 1943	Oct. 1942	Oct. 1943 % chg. from Last Mo.	Oct. 1943 % chg. from Last Year	Oct. 1943	Sept. 1943	Aug. 1943	Oct. 1942	Oct. 1943 % chg. from Last Mo.	Oct. 1943 % chg. from Last Year
BANK DEBITS	197	239	207	187	— 18	+ 5	210	230	188	207	— 9	+ 1
DEPT. STORE SALES	183	196	205	176	— 7	+ 8	219	201	156	211	+ 9	+ 4
ELECTRIC POWER PROD.	216	220r	216	193	— 2	+ 12	218	210	213	194	+ 4	+ 12
LIFE INS. SALES	120	138	131	93	— 13	+ 29	119	122	125	92	— 2	+ 29
BITUMINOUS COAL PROD.	142	150	152	149	— 5	+ 1	147	154	158	151	— 5	— 3
BUILDING CONTRACTS	163	134	122	358	+ 22	— 54	152	133	119	333	+14	—54
BUILDING PERMITS	64	36	81	42	+ 78	+ 52	57	38	84	38	+50	+50
COTTON CONSUMPTION	146	154	147	156	— 5	— 6	154	162	155	171	— 5	—10
FURNITURE ORDERS	117	95	130	344	+ 23	— 66	100	115	166	308	—13	—68
FURNITURE SHIPMENTS	112	119	120	136	— 3	— 18	137	153	149	173	—10	—21
FURN. UNFILLED ORDERS	381	367	355	520	+ 24	— 27	371	425	479	525	—13	—29
WHOLESALE TR. 5 LINES	174	159	156	151	+ 11	+ 17	187	181	173	168	+ 3	+ 11
Drugs	215	205	274	196	+ 4	+ 9	217	215	232	208	+ 1	+ 4
Dry Goods	156	158	141	144	+ 10	— 6	184	194	172	203	— 5	— 9
Groceries	185	197	170	149	+ 11	+ 25	193	185	175	161	+ 4	+20
Hardware	115	135	128	132	+ 10	— 13	128	122	124	152	+ 5	—16
Shoes	191	176	175	208	+ 10	— 8	205	254	278	232	—19	—12

FEDERAL RESERVE BANK OF RICHMOND

(All Figures in Thousands)

ITEMS	December 15 1943	Change in Amount from 11-17-43	12-16-42
Total Gold Reserves	$1,062,681	—42,564	+125,451
Other Reserves	17,980	— 1,019	+ 2,660
Total Reserves	$1,080,661	— 43,583	+128,111
Bills Discounted	3,650	+ 200	+ 3,415
Industrial Advances	236	— 2	— 458
Gov't Securities, Total	$ 615,585	+ 84,180	+254,467
Bonds	126,782	— 4,807	— 42,905
Notes	55,287	— 3,875	— 32,210
Certificates	178,555	+ 25,344	+116,388
Bills	251,951	+ 68,518	+220,124
Total Bills & Securities	$ 619,471	+ 84,378	+257,424
Uncollected Items	$ 156,823	+ 27,737	+ 18,980
Other Assets	$ 16,317	— 1,941	— 2,264
Total Assets	$1,873,272	+ 66,591	+402,251
Fed. Res. Notes in Cir.	$1,126,791	+ 50,072	+349,697
Deposits, Total	$ 608,411	+ 9,659	+ 45,163
Members' Reserves	522,579	+ 2,729	+ 1,063
U. S. Treas. Gen. Acc.	25,770	+ 4,849	+ 23,214
Foreign	57,286	+ 2,910	+ 20,258
Other Deposits	4,196	— 829	— 6,302
Deferred Availability Items	$ 119,694	+ 6,617	+ 5,859
Other Liabilities	$ 345	+ 78	— 198
Capital Accounts	$ 19,660	+ 165	+ 2,360
Total Liabilities	$1,873,272	+ 66,591	+402,251

41 REPORTING MEMBER BANKS—5TH DISTRICT

(All Figures in Thousands)

ITEMS	December 15 1943	Change in Amount from 11-17-43	12-16-42
Total Loans	$ 277,454	— 10,837	— 5,139
Bus. & Agric. Loans	153,029	+ 1,019	— 11,229
Real Estate Loans	49,579	— 185	— 945
All Other Loans	91,846	— 11,671	+ 7,035
Total Security Holdings	$1,342,077	— 37,101	+468,748
U. S. Treas. Bills	131,952	— 15,231	+ 38,756
U. S. Treas. Certificates	265,744	— 12,895	+174,384
U. S. Treas. Notes	168,755	— 1,558	+ 42,881
U. S. Gov. Bonds	574,348	— 8,550	+174,311
Obligations Gov. Guaranteed	45,293	— 19	— 6,368
Other Bonds, Stocks & Sec.	56,075	+ 907	— 14,326
Cash Items in Process of Col.	$ 98,944	— 1,657	+ 2,403
Due From Banks	$ 158,582*	+ 370	— 43,542
Currency & Coin	$ 37,481	— 41	+ 2,571
Reserve with F. R. Bank	$ 277,447	— 155	— 33,164
Other Assets	$ 65,067	— 375	+ 10,874
Total Assets	$2,255,752	— 49,196	+337,721
Total Demand Deposits	$1,852,815	— 45,908	+301,544
Deposits of Individuals	1,094,971	+ 49,265	+176,261
Deposits of U. S. Gov.	239,184	—103,272	+139,692
Deposits of State & Local Gov.	75,477	+ 793	— 7,266
Deposits of Banks	404,714	— 1,121	— 12,805
Certified & Officers' Checks	27,469	+ 8,427	+ 5,522
Total Time Deposits	$ 242,616	— 811	+ 28,318
Deposits of Individuals	225,889	— 1,225	+ 23,887
Other Time Deposits	16,727	+ 414	+ 4,431
Liabilities for Borrowed Money	$ 1,500	— 1,500	+ 1,500
All Other Liabilities	$ 66,671	— 1,996	+ 699
Capital Account	$ 112,150	+ 1,019	+ 5,800
Total Liabilities	$2,255,752	— 49,196	+337,721

*Net figures, reciprocal balances being eliminated.

MUTUAL SAVINGS BANK DEPOSITS

9 Baltimore Banks

	Nov. 30, 1943	Oct. 31, 1943	Nov. 30, 1942
Total Deposits	$256,586,779	$254,780,900	$228,475,144

COMMERCIAL FAILURES

PERIODS	Number of Failures District	U. S.	Total Liabilities District	U. S.
November 1943	2	155	$ 110,000	[illegible]
October 1943	8	169	6	[illegible]
November 1942	14	585	131,000	[illegible]
11 Months, 1943	45	2,876	$1,189,000	[illegible]
11 Months, 1942	276	8,895	4,153,000	[illegible]

Source: Dun & Bradstreet

DEBITS TO INDIVIDUAL ACCOUNTS

000 omitted

	Nov. 1943	% Change from Nov. '42	11 Mos. 1943	% Change from 11 Mos. '42
Dist. of Columbia				
Washington	$ 446,411	+ 8	$ 5,627,549	+10
Maryland				
Baltimore	735,375	+17	7,758,177	+17
Cumberland	11,360	+17	128,360	+14
Frederick	10,862	+25	116,749	..
Hagerstown	16,424	+27	179,691	— 6
North Carolina				
Asheville	20,225	+12	228,844	+10
Charlotte	107,973	—19	1,244,495	— 8
Durham	80,127	+48	716,563	+11
Greensboro	32,097	+19	350,791	+17
Kinston	9,733	+20	166,427	..
Raleigh	48,912	+16	568,515	— 5
Wilmington	34,576	— 1	466,193	+28
Wilson	17,933	+30	146,565	..
Winston-Salem	78,356	+20	755,124	..
South Carolina				
Charleston	37,420	+ 7	430,530	+17
Columbia	54,128	+ 8	548,375	+ 9
Greenville	36,723	+ 5	472,938	+13
Spartanburg	26,875	— 2	226,177	+10
Virginia				
Charlottesville	13,797	+25	132,895	..
Danville	31,551	+24	186,431	0
Lynchburg	22,186	+14	216,765	+ 6
Newport News	23,181	—13	278,490	..
Norfolk	115,464	+ 2	1,313,017	..
Portsmouth	14,957	+ 3	178,017	..
Richmond	333,368	+23	3,398,523	..
Roanoke	38,101	+ 8	405,805	..
West Virginia				
Bluefield	19,935	+14	222,912	..
Charleston	73,287	+ 7	824,756	+12
Clarksburg	14,452	+27	145,195	..
Huntington	25,869	+ 6	291,815	+ 9
Parkersburg	14,185	+15	156,708	+12
District Totals	$2,548,830	+12	$27,005,750	..

Cumulative figures for 12 cities not comparable with 1942 data.

COTTON CONSUMPTION—FIFTH DISTRICT

In Bales

MONTHS	N. Carolina	S. Carolina	Virginia	District
November 1943	230,627	176,086	20,695	427,408
October 1943	218,813	168,506	20,011	407,330
November 1942	230,729	179,940	21,355	432,024
11 Months, 1943	2,562,989	1,937,321	228,672	4,728,982
11 Months, 1942	2,658,747	2,048,347	243,716	4,950,810

COTTON CONSUMPTION AND ON HAND—BALES

	Nov. 1943	Nov. 1942	Aug. 1 to Nov. 30 1943	1942
Fifth District States:				
Cotton consumed	427,408	432,024	1,676,671	1,782,665
Cotton Growing States:				
Cotton Consumed	754,684	791,974	2,991,594	3,262,966
Cotton on hand Nov. 30 in				
Consuming establishments	2,105,054	2,049,592	.....	.....
Storage & compresses	12,730,757	13,358,499	.....	.....
United States:				
Cotton consumed	858,813	912,920	3,419,391	3,770,653
Cotton on hand Nov. 30 in				
Consuming establishments	2,388,772	2,499,313	.....	.....
Storage & compresses	12,936,375	13,642,209	.....	.....
Spindles active	22,623,408	22,978,466	.....	.....

RAYON YARN DATA

	Nov. 1943	Oct. 1943	Nov. 1942
Rayon Yarn Shipments, Lbs.	42,800,000	43,900,000	38,800,000
Staple Fiber Shipments, Lbs.	15,900,000	13,900,000	12,400,000
Rayon Yarn Stocks, Lbs.	7,000,000	7,600,000	8,100,000
Staple Fiber Stocks, Lbs.	2,600,000	2,500,000	4,400,000

Source: Rayon Organon

BUILDING PERMIT FIGURES
Fifth Federal Reserve District
November 1943

	Total Valuation November 1943	Total Valuation November 1942
Maryland		
Baltimore	$ 654,505	$ 286,325
Cumberland	20,080	11,820
Frederick	0	195
Hagerstown	4,005	97,340
Salisbury	12,934	3,405
Virginia		
Danville	$ 4,117	$ 6,577
Lynchburg	5,300	5,225
Norfolk	853,742	398,470
Petersburg	400	5,700
Portsmouth	27,395	39,200
Richmond	58,917	95,620
Roanoke	19,582	5,538
West Virginia		
Charleston	$ 19,678	$ 11,130
Clarksburg	1,160	548
Huntington	6,615	4,185
North Carolina		
Asheville	$ 3,655	$ 3,435
Charlotte	28,931	11,717
Durham	6,610	159,857
Greensboro	2,459	35,788
High Point	16,921	8,559
Raleigh	58,985	2,260
Rocky Mount	825	465
Salisbury	2,136	1,412
Winston-Salem	24,120	21,027
South Carolina		
Charleston	$ 84,442	$ 110,160
Columbia	3,906	5,740
Greenville	3,300	8,525
Spartanburg	26,245	6,508
Dist. of Columbia		
Washington	$ 1,200,935	$ 1,362,319
District Totals	$ 3,125,619	$ 2,705,172
11 Months	$42,704,178	$75,918,011

CONSTRUCTION CONTRACTS AWARDED

STATES	October 1943	% Chg. from Oct. 1942	10 Mos. 1943	% Chg. from 10 Mos. '42
Maryland	$13,874,000	—63	$ 88,204,000	—55
Dist. of Columbia	1,934,000	—52	26,260,000	—73
Virginia	13,235,000	—30	147,636,000	—58
West Virginia	1,357,000	+33	16,321,000	—70
North Carolina	3,597,000	—78	78,588,000	—30
South Carolina	3,166,000	—23	42,340,000	—57
Fifth District	$37,243,000	—54	$399,351,000	—56

TOBACCO MANUFACTURING

	Nov. 1943	% chg. from Nov. 1942	11 Mos. 1943	% change from 11 Mos. '42
Smoking & chewing tobacco (Thousands of lbs.)	25,499	+12	237,608	— 9
Cigarettes (Thousands)	24,323,704	+19	234,938,270	+ 9
Cigars (Thousands)	428,942	—10	4,757,383	—14
Snuff (Thousands of lbs.)	3,292	+ 8	42,198	+13

AUCTION TOBACCO MARKETING

STATES	Producers Tobacco Sales, Lbs. Nov. 1943	Nov. 1942	Price per hundred 1943	1942
North Carolina	91,338,663	36,364,966	$42.96	$41.66
Virginia	38,030,168	16,816,311	42.93	43.92
Total	129,368,832	53,451,217	$42.95	$42.36
Season through*	681,312,224	727,154,161	40.63	39.[illegible]

*Includes South Carolina season sales.

SOFT COAL PRODUCTION IN THOUSANDS OF TONS

REGIONS	Nov. 1943	% Chg. from Nov. 1942	11 Mos. 1943	% Chg. from 11 Mos. '42
West Virginia	11,550	— 9	145,358	+ 1
Virginia	1,462	— 9	18,496	+ 1
Maryland	114	—10	1,605	—10
5th District	13,126	—16	165,494	+ 1
United States	43,675	— 8	534,080	+ 1
% in District	30	..	31	..

RETAIL FURNITURE SALES

STATES	Percentage Changes in Nov. and 11 Mos. 1943 Compared with November 1942	Compared with 11 Mos. 1942
Maryland (5)*	— 3	—19
Dist. of Columbia (5)*	+ 1	—14
Virginia (26)*	— 9	— 2
West Virginia (12)*	+ 3	+ 6
North Carolina (19)*	+ 7	+ 8
South Carolina (18)*	+ 6	— 3
Fifth District (85)*	— 1	— 6
INDIVIDUAL CITIES		
Baltimore, Md. (5)*	— 3	—19
Washington, D. C. (5)*	+ 1	—14
Lynchburg, Va. (3)*	— 1	—12
Richmond, Va. (7)*	— 2	+ 6
Charleston, W. Va. (4)*	— 2	+ 1
Charlotte, N. C. (5)*	0	+ 1
Winston-Salem, N. C. (3)*	+15	+16
Columbia, S. C. (5)*	+ 9	+ 1

*Number of reporting firms.

DEPARTMENT STORE TRADE

	Richmond	Baltimore	Washington	Other Cities	District
Percentage change in Nov. 1943 sales, compared with sales in Nov. 1942:	+ 26	+ 15	+ 16	+ 31	+ 17
Percentage change in 11 months' sales, compared with 11 mos. in 1942:	+ 22	+ 11	+ 7	+ 26	+ 12
Change in stocks on Nov. 30, 1943, from stocks on Nov. 30, 1942:	— 1	0	— 8	— 1	— 4
Change in outstand'g orders Nov. 30, 1943, from orders on Nov. 30, '42:	+ 94	+184	+141	+ 93	+142
Change in receivables, Nov. 1, 1943 compared with Nov. 1, 1942:	— 3	— 8	— 23	— 6	— 14
Percentage of current receivables as of Nov. 1, 1943, collected in Nov.:	62(57)	61(59)	63(58)	61(60)	62(58)
Percentage of instalment rec'v'bles as of Nov. 1, 1943, collected in Nov.:	35(31)	42(32)	28(21)	34(26)	32(25)

Note: 1942 collection percentages in parentheses.

	Maryland	Dist. of Col.	Virginia	West Va.	N. Carolina	S. Carolina
Percentage change in Nov. 1943 sales from Nov. 1942 sales, by States:	+15	+16	+21	+13	+24	+25
Percentage chg. in 11 mos.' sales, 1943, compared with 11 mos. in 1942:	+12	+ 7	+20	+12	+23	+28

WHOLESALE TRADE, 205 FIRMS

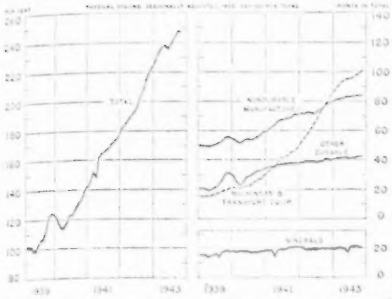
LINES	Net Sales Nov. 1943 compared with Nov. 1942	Net Sales Nov. 1943 compared with Oct. 1943	Stocks Nov. 30, 1943 compared with Nov. 30 1942	Stocks Nov. 30, 1943 compared with Oct. 31 1943	Ratio Nov. collections to acct's outstand'g Nov. 1
Auto supplies (11)*	+13	— 4	—12	+ 6	99
Shoes (3)*	—18	—16	0	+21	..
Drugs & sundries (7)*	+10	— 9	..	..	104
Dry goods (7)*	—16	—22	—31	+ 6	86
Electrical goods (9)*	—15	+ 2	—13	+ 5	24
Groceries (64)*	+20	— 3	+ 6	— 3	158
Hardware (10)*	+ 5	— 9	—10	+10	90
Industrial supplies (9)*	— 8	— 7	— 8	+ 2	85
Paper & products (9)*	— 1	+ 5	—15	— 4	94
Tobacco & products (5)*	+ 9	— 3	..	..	..
Miscellaneous (71)*	+ 5	+ 1	— 4	+ 3	107
District Average (205)*	+ 2	— 6	— 6	+ 6	102

Source: Department of Commerce
*Number of reporting firms.

SUMMARY OF NATIONAL BUSINESS CONDITIONS

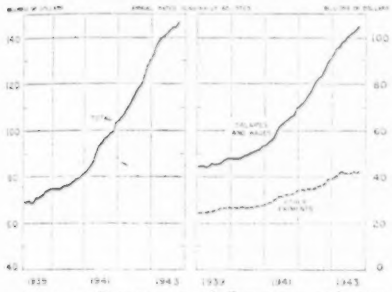
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for November 1943.

INCOME PAYMENTS TO INDIVIDUALS

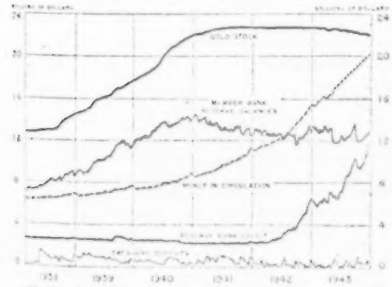


Based on Department of Commerce estimates. Wages and salaries include military pay. Monthly figures raised to annual rates, latest shown are for November 1943.

MEMBER BANKS IN LEADING CITIES

Demand deposits (adjusted) exclude U. S. Government and interbank deposits and collection items. Government securities include direct and guaranteed issues. Wednesday figures, latest shown are for Dec. 15.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, latest shown are for Dec. 15.

Industrial activity was maintained at a high level in November and the early part of December. Value of retail sales during the Christmas buying season has been larger than last year's record sales.

INDUSTRIAL PRODUCTION

Industrial production in November was at 247 per cent of the 1935-39 average, the same as in October and 2 points higher than in September according to the Board's seasonally adjusted index. Further increases in munitions production in November were offset in the total index by smaller output of coal and steel.

The reduction in steel output from the high October rate was small and reflected partly a decline in war orders for some types of steel products. Activity in the machinery and transportation equipment industries continued to rise in November. The Board's machinery index, which had been stable from April to August, advanced 5 per cent in the past 3 months as a result of increases in output of electrical equipment and other machinery, which includes aircraft engines.

Total output of nondurable goods in November continued at the level of recent months. Activity in woolen mills showed little change as increased production of civilian fabrics, resulting from the lifting of restrictions on the use of wool, offset reduced output of military fabrics. Production of manufactured food products continued at a high level. Federally inspected meat production in November was one-fourth larger than a year ago. Newsprint consumption in November declined to a level 15 per cent below the same month last year. Output in the rubber products and petroleum refining industries continued to increase.

Coal production increased sharply in the latter part of November but for the month as a whole bituminous coal output was down 9 per cent from October and anthracite 19 per cent. In the early part of December output of bituminous coal was at the highest rate in many years.

DISTRIBUTION

Notwithstanding a reduced selection of merchandise, department store sales in November were about 10 per cent greater than the large volume of sales in November 1942, and in the first three weeks of December sales were about the same as a year ago. Value of department store stocks at the end of October was reported to be 9 per cent smaller than a year ago and it is estimated that, contrary to the usual seasonal movement, stocks declined in November.

Freight carloadings were maintained in large volume in November and in the first half of December. Loadings of coal during the four weeks ending December 11 were at the highest rate in many years, following a sharp drop in the first half of November. Shipments of grain and livestock were in unusually large volume for this time of year.

COMMODITY PRICES

Grain prices continued to advance from mid-November to mid-December and reached levels more than one-fourth higher than a year ago. Wholesale prices of other farm and food products showed little change, while prices of various industrial commodities, including coal, were increased somewhat.

The cost of living, whch had increased .4 per cent in October, declined .2 per cent in November, according to the Bureau of Labor Statistics index.

BANK CREDIT

Excess reserves at all member banks fluctuated around one billion dollars in November and December, maintaining an average level slightly below that which prevailed during the previous month. During the five weeks ending December 22, reserve funds were absorbed by a pre-holiday rise in money in circulation of about 800 million dollars, and required reserves continued to increase as Treasury expenditures transferred funds from Government accounts to private deposits. Needed reserves were supplied to member banks through an increase of 1.7 billion dollars in Government security holdings at the Reserve Banks. Additions to Treasury bill holdings accounted for the larger part of the increase, but certificate holdings also rose substantially.

During November and the first half of December, loans and investments at reporting member banks in 101 leading cities declined by around 2½ billion dollars, after increasing by 6¾ billion in September and October. Holdings of all types of Government securities decreased. Bill holdings, mainly because of sales to the Reserve Banks, showed the largest decline. Loans for purchasing or carrying securities continued to decline over the period.